

FASS-MF Changes for the 2nd Reporting Cycle

(Fiscal Years Ending 12/31/1999 - 12/30/2000)

The second cycle of required electronic reporting of annual financial statement data for HUD-supported multifamily housing projects begins for projects with fiscal years ending 12/31/1999 through 12/30/2000. The electronic submission process for the second cycle will be essentially the same as the first cycle, subject to the changes discussed below. These changes will be reflected in a revised version of the Financial Assessment Subsystem for Multifamily Housing (FASS-MF), which is scheduled for release and availability to project owners and their authorized representatives on January 31, 2000. The existing FASS-MF submission screens can be used to begin the entry of data for the second cycle submissions, and any data entered will be automatically converted to the new version of FASS-MF. However, final validation and submission of second cycle data should not occur until after the release of the new version of FASS-MF. The new release of FASS-MF will be prominently publicized on this web site when it has occurred.

Systems security IDs and passwords established for the first submission cycle are good for the second round of FASS-MF submissions, subject to any discretionary changes to systems coordinators or users directed by project owners.

1. Revised Reporting Time Frames - The second cycle reporting period applicable to required audited financial statement data from project owners will be revised from the old requirement of 60 days after the end of the project's fiscal year, to a new requirement of 90 days after the end of the project's fiscal year. In accordance with the Single Audit Act and Office of Management and Budget (OMB) Circular No. A-133, "non-profit" project owners continue to have up to nine months after the end of the project's fiscal year to electronically submit required "audited" financial statement information, but must still electronically report "unaudited" owner-certified information within 90 days of the project's fiscal year end, in accordance with their contractual agreement to provide timely financial statement monitoring information to HUD. Should a "non-profit" project owner chose to make an audited financial statement submission within 90 days after the end of the project's fiscal year, an owner-certified submission would not be required.
2. Improved Internet Access/Performance - REAC has taken steps to improve its server capacity, the number of simultaneous Internet connections to FASS-MF, and the Internet performance of the FASS-MF application itself. The benefits of these actions will be fully reflected in the new version of FASS-MF scheduled for release on January 31, 2000.
3. Chart of Account Changes and Other Data Element Changes – Accounts are being added or modified to accommodate reporting refinements identified by users during the first year of the system. These account/data element changes fall into two categories: (1) Changes to the Chart of Accounts and (2) Changes to other accounts/data elements associated with annual financial statement data.

The only Chart of Account changes for the second electronic reporting cycle to the FASS-MF are the addition of certain accounts to:

- more fully account for project equity in accordance with generally accepted accounting principles (GAAP),
- better account for bond-financed projects, and
- recognize HUD-approved lessor/lessee nursing home project arrangements, to enable those projects to file electronically this cycle.

The account numbers, titles and description of changes are as follows:

Account Number	Title/Description	Description of Change
1355	Bond Reserves	New account to recognize reserves required by a bond indenture. These funds are held by the bond trustee in bond-financed projects.
3161	Common Stock (Corporations)	New account added to support equity reporting for corporations.
3162	Paid-in Surplus (Corporations)	New account added to support equity reporting for corporations.
3163	Retained Earnings (Corporations)	New account added to support equity reporting for corporations.
3164	Other Equity (Corporations)	New account added to support equity reporting for corporations.
3160	Total Equity (Corporations)	New account added to support equity reporting for corporations.
2036T	Total Liabilities and Equity/Retained Earnings (Corporations)	New account added to support equity reporting for corporations.
5195	Lease Revenue (Nursing Homes)	New account to recognize lease payment revenue in instances where project operations are leased to a third party lessee.
7140	Interest Income	This account was removed from the templates and replaced by account 7105, which provides more flexibility to report entity revenue.
7105	Entity Revenue	New account created to record non-project revenue of the mortgagor entity, including interest earned on entity accounts.
3247	Change in Unrestricted Net Assets from Operations	Added to comply with requirements of FASB 116 and 117

Account Number	Title/Description	Description of Change
3248	Change in Temporarily Restricted Net Assets from Operations	Added to comply with requirements of FASB 116 and 117
3249	Change in Permanently Restricted Net Assets from Operations	Added to comply with requirements of FASB 116 and 117
3250	Change in Total Net Assets from Operations	Name change in compliance with FASB 116 and 117

Other changes to accounts/data elements include:

- addition of accounts to the equity template for IG 2000.04 Audits to allow calculation of project equity for Corporations
 - addition of narrative accounts for the Auditors Reports template on IG 2000.04 Audits
 - addition of narrative accounts for the Auditors Reports template on A-133 Audits
 - addition of finding reference numbers for the Findings and Questioned Costs and Audit Resolution Matters included in IG 2000.04 Audits
 - addition of accounts for reporting interest income and gains/losses for Reserve for Replacement and Residual Receipts accounts
4. Read Access to Prior Submissions - As part of the pending January 31, 2000 release of FASS-MF, project owners and/or their authorized representatives will be given “read access” to project financial statement data previously submitted to FASS-MF for prior periods. “Read access” will be available to the project owner’s Secure Connection Systems “coordinator” and any other “user” given FASS-MF access rights to a project owner’s projects by their systems coordinator.
 5. New Audit Compliance Check - To better assure the completeness and accuracy of project owner submissions to FASS, a new compliance audit step is added for the second cycle, and future reporting periods. The auditor should compare the project owner’s electronic submission of audited financial statement data from last year to a hard copy of last year’s audited financial statements, and report any material misstatements or omissions of information electronically reported to HUD last year. To perform this compliance check, auditors will need to have the project owner or their authorized systems coordinator establish them as a FASS-MF “user” to enable

the auditor to gain “read access” to last year’s electronic submission to FASS-MF (see item number 4. above). The “read access” can be used to print a copy of the data actually in the FASS-MF data base, for the purpose of performing the comparison to the paper copy of the audit report. Finding code “K - Electronic Reporting Discrepancies” is to be used for reporting any such findings of electronic reporting discrepancies in FASS-MF. In addition to reporting any findings of prior year misstatements or omissions in this year’s hard copy audit report, the auditor is to directly report any such finding information to the HUD Real Estate Assessment Center’s Quality Assurance Division at the following point of contact:

U.S. Department of Housing and Urban Development
Real Estate Assessment Center
Financial Quality Assurance Division
Attn: Peter Bell, Director
Suite 800, Portals Building
1280 Maryland Avenue, SW
Washington, D.C. 20024-2135
Telephone No.: (202) 708-4932 extension 3135

6. Electronic Processing of Administrative Actions - FASS-MF is being revised to enable project owners to electronically submit, and the REAC to electronically process, the following types of administrative matters related to the annual financial statement reporting requirement:

- reporting time “extension” requests and decisions,
- reporting requirement “waiver” requests and decisions, and
- “resubmission” requests and decisions.

Additional guidance on the use of this new electronic processing tool will be provided in an update to the “FASS Industry User’s Guide,” which will be published on this web site in conjunction with the new release of FASS-MF.

7. “E-mail” Address and Compliance Condition Communications - Secure Connection System “coordinators” for project owners should assure that a current working e-mail address is in the system to enable HUD’s Real Estate Assessment Center (REAC) to electronically communicate with them, via the Internet. From the “Systems Administration” section of Secure Connection, the coordinator can select the “User ID Maintenance” and “Maintain User Information” options to verify their current e-mail address on file in the system, and to make any necessary corrections. This e-mail address will be used to communicate the results of HUD’s initial assessment of the annual financial statement information for indications of any program compliance deficiency conditions. To the extent there are auditor compliance findings or other indications of possible compliance deficiencies in the submitted data, the coordinator will be sent an e-mail “conditions notice” on behalf of the project owner, as the first step in a compliance deficiency resolution process. The project owner is to respond to their assigned HUD project manager on any outstanding compliance conditions within 30 days of the e-mail notice, providing evidence of corrective actions taken or

planned, or the basis for any disagreement. If there are no compliance deficiency conditions evidenced in the submission, the coordinator will be sent a “no conditions” e-mail notice on behalf of the project owner.